



2020 Annual Report

Missouri Automotive
Manufacturing Jobs Act

The Missouri Manufacturing Jobs Act (MMJ) was introduced and passed during the 2010 Legislative Special Session, and Section 620.1910 RSMo became effective on October 12, 2010. The program sunset on October 12, 2016. The purpose of the program was to allow qualified automotive manufacturing facilities or suppliers that invested in next-generation production lines in existing Missouri facilities to retain withholding taxes typically remitted to the state.

A report is required each year to provide the following information:

- Names of the participating qualified manufacturing companies or qualified suppliers;
- Location of such companies or suppliers;
- The annual amount of benefits provided;
- The estimated net state fiscal impact including direct and indirect new state taxes derived; and,
- Number of new jobs created or jobs retained.

Program Requirements

The program provided job retention incentives to automotive manufacturing facilities for a period of 10 years and job creation incentives to suppliers of automotive manufacturing companies in the state for three to five years, depending on the wages of the new jobs. Applicants were required to submit a Notice of Intent (NOI), and the Department of Economic Development (DED) was required to provide either an approval or rejection within 30 days of receipt. Failure by DED to provide a response within that timeframe was deemed an approval. Within six months of the NOI approval, the qualified manufacturing company entered into an agreement with DED that memorialized the content of the NOI, the requirements of the program and the consequences for failing to meet such requirements.

Qualified manufacturer eligibility requirements were as follows:

- NAICS (North American Industry Classification System) code of 33611;
- Manufacture goods at a facility in Missouri throughout the period in which the company receives benefits; and,
- Make a capital investment of at least \$75,000 per retained job for a new product, or \$50,000 per retained job for the modification or expansion of an existing product, within two years of beginning to retain withholding taxes.

Qualified supplier eligibility requirements are as follows:

- Attest to the Department that it derives more than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Add five or more new jobs;
- Pay wages for the new jobs that are equal to or exceed the county average wage for Missouri as determined by DED using NAICS industry classifications and were not less than 60% of the statewide average wage; and,
- Provide health insurance for all full-time jobs and pay at least 50% of the insurance premiums.

Annual Benefit

The benefits for a previously qualified manufacturer or supplier, under MMJ (prior to its sunset on October 12, 2016), are retention of withholdings for the retained jobs or new jobs. Beginning January 1, 2012, a qualified manufacturer could retain 100% of the withholding taxes from full-time jobs at the facility for 10 years if it manufactured a new product or retain 50% of withholding taxes from full-time jobs for seven years if it modified or expanded an existing product.

The benefit for a qualified supplier is retention of 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri, as determined by the DED using NAICS industry classifications, it could retain the withholding taxes for five years.

The funding limit for this program is \$10 million per year for any one qualified manufacturing company, and the aggregate amount of retained withholding taxes by all qualified manufacturing companies is limited to \$15 million per year. There are no limits on the aggregate amounts for qualified suppliers under MMJ.

Qualified Manufacturers	# of Jobs Retained	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This Calendar Year	Total Benefits Provided To Date in Program
Ford Motor Co.	3850	Claycomo	10	2014	\$100,000,000	\$10,000,000*	\$60,000,000
General Motors, LLC	1348	Wentzville	10	2013	\$50,000,000	\$5,000,000*	\$35,000,000

Qualified Suppliers	Projected # of New Jobs	# of Jobs Created to date	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This Calendar Year	Total Benefits Provided To Date in Program
Challenge Mfg. Holdings, Inc.	102	110	Bridgeton	3	2016	\$266,819	\$91,583**	\$253,976

* 2019 Annual Report was verified during calendar year 2020.

** 2018 Annual Report was verified during calendar year 2020.

Net State Fiscal Impact

DED's Division of Strategy and Performance has estimated the economic contribution impact of MMJ using the Missouri Regional Economic Model (REMI). The Qualified Manufacturer and the Qualified Supplier categories were modeled separately to ensure concise representations of their individual contributions to the state. Key findings for each category's impact include:

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ - Manufacturers	Fiscal Period (15 years)	Derivation of Benefits Investment: (a) \$787,000,000 in Durable Equipment spending over years 2012-2015. Employment: (a) 5,198 jobs scaled up over two years in Motor Vehicle Manufacturing at specified wage rates in 2013-2026. Other Assumptions: (a) real wage growth starting in 2014. Incentives: (a) \$100,000,000 in MMJ (Ford) over years 2014-2023 (b) \$50,000,000 in MMJ (GM) over years 2013-2022 (c) \$2,436,771 in Customized Training over years 2014-2017 (d) \$4,572,138 in New Jobs Training over years 2014-2017 (e) \$19,135,220 in Chapter 100 - Sales Tax Exemption in 2014 Impacts occur Statewide. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v2.4.
BENEFITS		
Direct Fiscal Benefits	\$263,874,502	
Indirect Fiscal Benefits	\$180,630,027	
Total	\$444,504,529	
COSTS		
Direct Fiscal Costs	\$182,244,545	
Indirect Fiscal Costs	\$0	
Total	\$182,244,545	
BENEFIT : COST	2.67	

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ - Suppliers	Fiscal Period (15 years)	<p><u>Derivation of Benefits</u></p> <p>Investment: (a) \$14,104,155 in Durable Equipment spending over years 2014-2015.</p> <p>Employment: (a) 590 jobs scaled up over five years in Motor Vehicle Manufacturing at specified wage rates in 2014-2028.</p> <p>Other Assumptions: (a) real wage growth starting in 2015.</p> <p>Incentives:</p> <p>(a) \$806,087 in MMJ (Henniges) over years 2014-2017 (b) \$118,184 in MMJ (Piston) over years 2014-2017 (c) \$253,976 in MMJ (Challenge) over years 2016-2018 (d) \$351,551 in MMJ (Tenneco) over years 2015-2018 (e) \$117,760 in Customized Training over years 2014-2017</p> <p>Impacts occur Statewide. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v2.4.</p>
BENEFITS		
Direct Fiscal Benefits	\$24,427,657	
Indirect Fiscal Benefits	\$15,842,597	
Total	\$40,270,254	
COST		
Direct Fiscal Costs	\$1,788,021	
Indirect Fiscal Costs	\$0	
Total	\$1,788,021	
BENEFIT : COST	23.10	

